

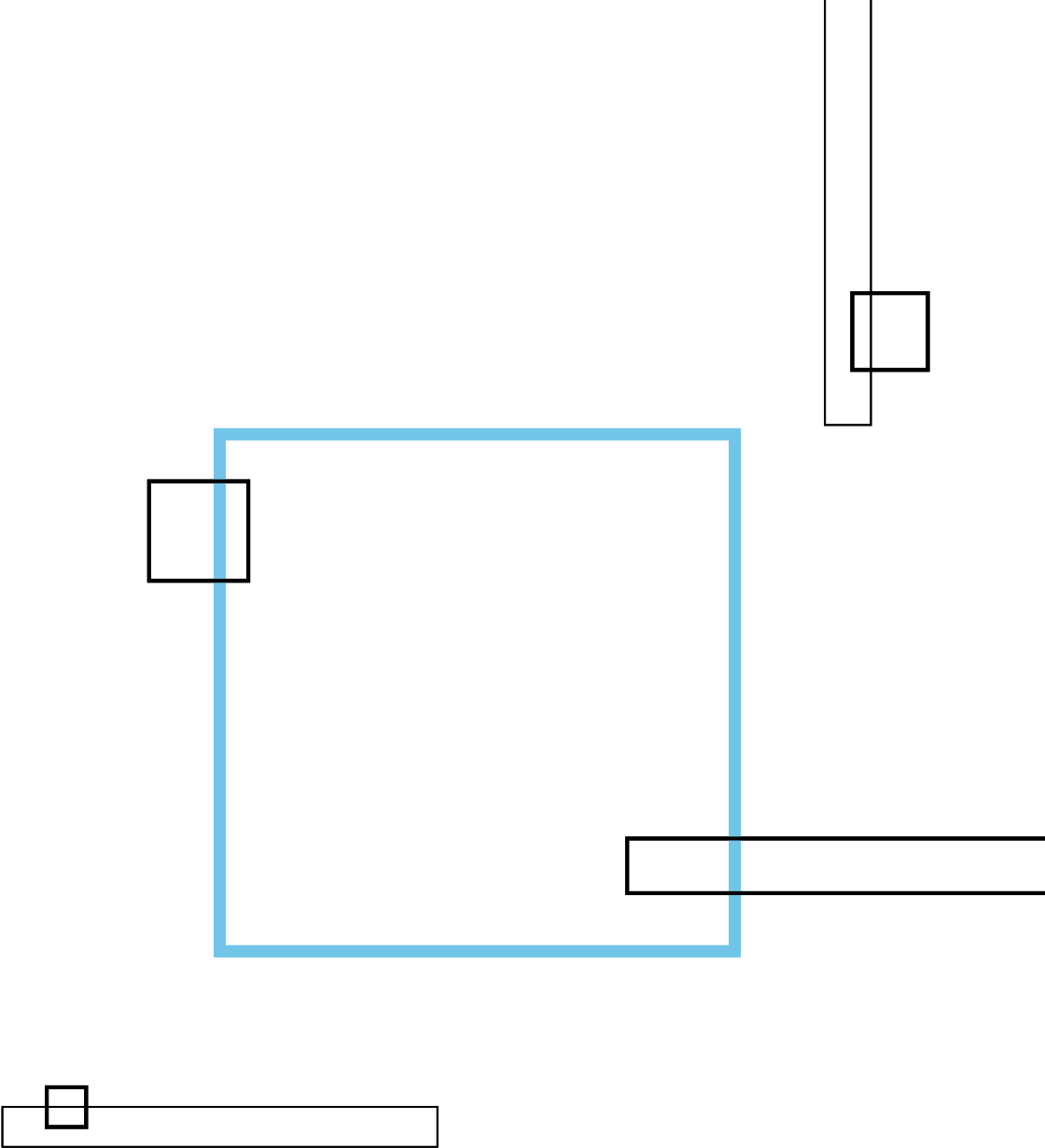


Voluntary Markets Convening | CFTC

July 2023



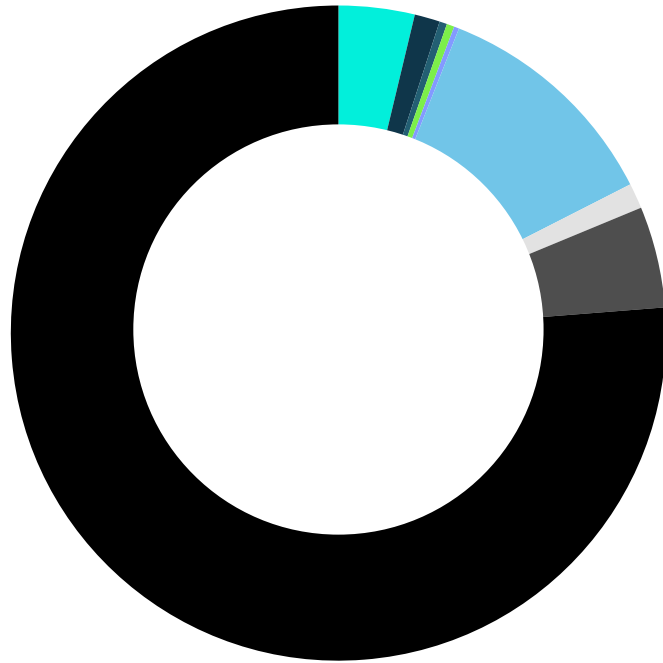
Net zero



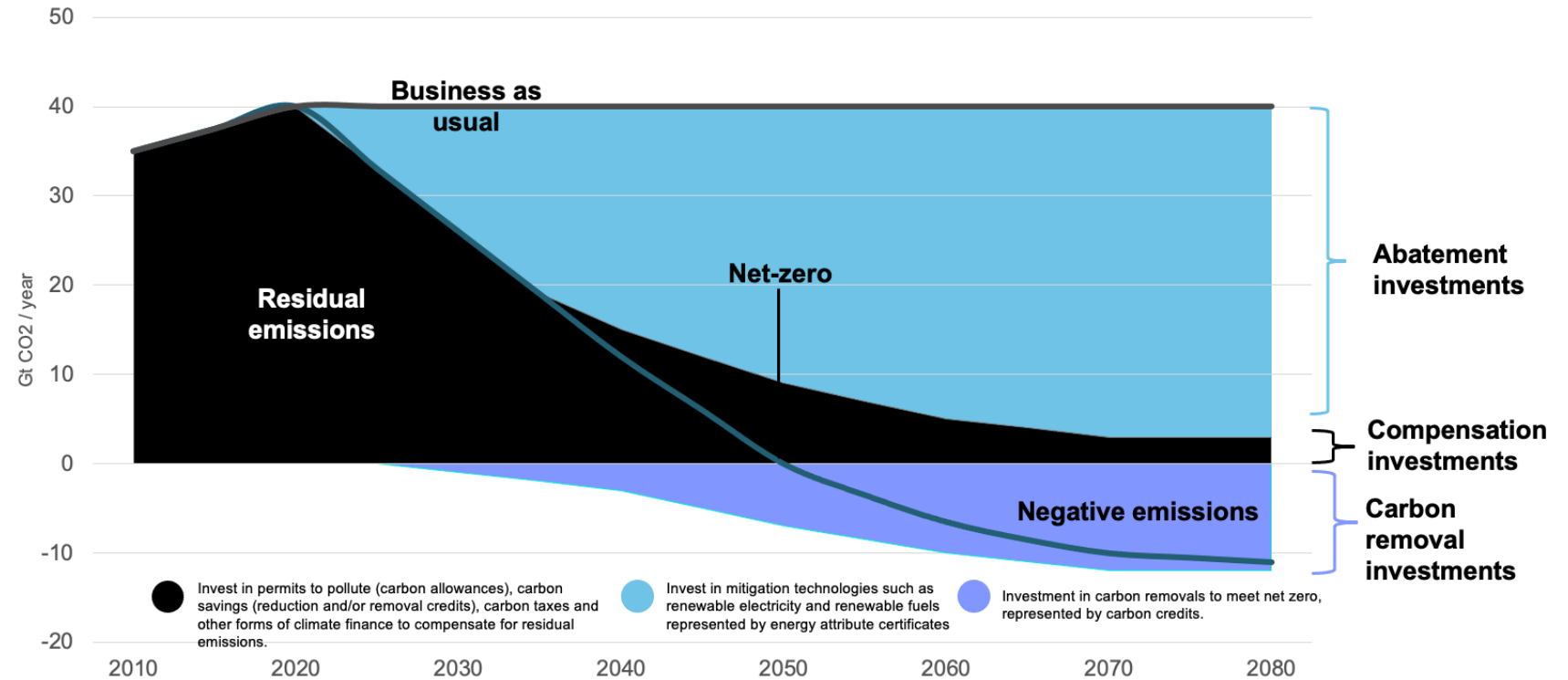
Carbon pricing and carbon tonnes at risk

Annual emissions and net zero pathway

Annual anthropogenic CO2 emissions = 40 billion tonnes



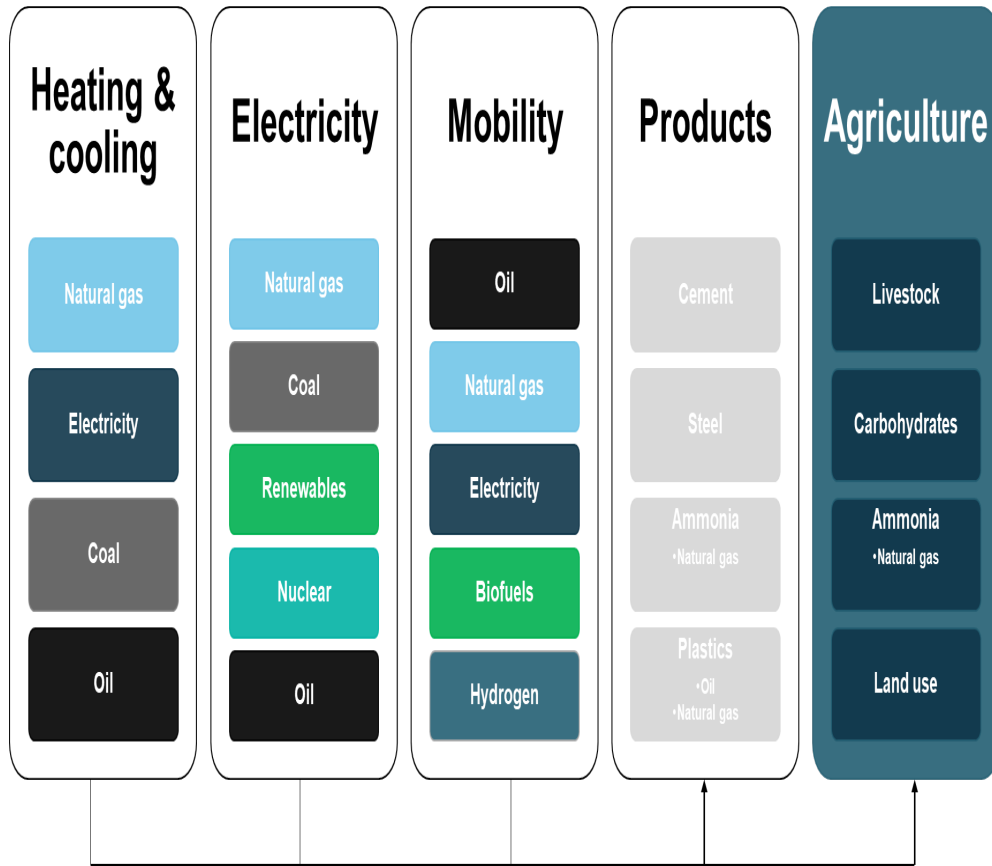
- EUA
- CCA
- RGA
- UKA
- WA
- Other ETS
- Crediting mechanisms
- Tax
- Not priced directly



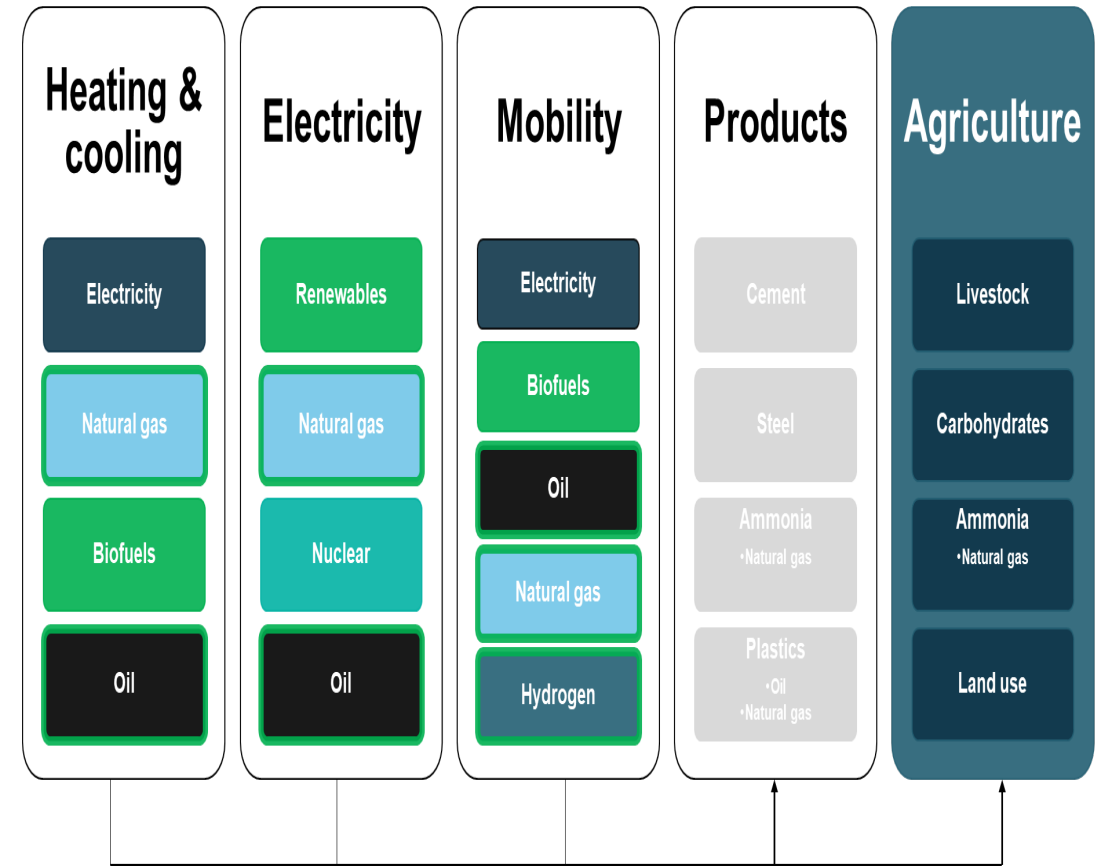
What is the energy transition?

Changing the merit order to conserve the carbon budget

Current fuel merit order example



Future fuel merit order?





Taxonomy of Environmental Markets

ICE recommendations: Voluntary and compliance carbon markets and other environmental markets

Common approach for VCMs and CCMs

- The instruments do the same thing. Value externalities.
- Environmental markets are decades old.
- Infrastructure has gone through series of iterations (learning curve) in existing markets.

Role of IOSCO:

- Principles for standard setters (issuers) and registries (custodians)
- Regulatory treatment of environmental contracts
- High-level minimum baseline to harmonize the work of the private initiatives

Importance of financial participation in carbon markets

Others (e.g. role of blockchain)

ICE Nature Based Solution Carbon Credits Futures: key contract specs

- **ICE Offering:** 11 Futures which are shown below, together with the listed expiries.
- **underlying:** Verra [VCU](#), [AFOLU](#) Projects, with [CCB](#) certifications.
- **Same Vintage Range for each future:** 5 Years
- **Non-Rolling:** All 5 years buckets are fixed
- **Only difference between each future:** Beginning/Ending date of the eligible vintages

PCC	Vintage Start	Vintage End	March	June	Sept	Dec
NBT	1 st Jan 2016	31 Dec 2020	1	1	2	4 (23, 24, 25, 26)
OVA	1 st Jan 2017	31 Dec 2021	1	1	2	4 (23, 24, 25, 26)
OVB	1 st Jan 2018	31 Dec 2022	1	1	2	4 (23, 24, 25, 26)
OVC	1 st Jan 2019	31 Dec 2023	1	1	2	4 (23, 24, 25, 26)
OVD	1 st Jan 2020	31 Dec 2024	1	1	2	4 (23, 24, 25, 26)
OVE	1 st Jan 2021	31 Dec 2025	1	1	2	4 (23, 24, 25, 26)
OVF	1 st Jan 2022	31 Dec 2026	1	1	2	4 (23, 24, 25, 26)
OVG	1 st Jan 2023	31 Dec 2027				3 (23, 24, 25)
OVH	1 st Jan 2024	31 Dec 2028				3 (24, 25, 26)
OVI	1 st Jan 2025	31 Dec 2029				3 (25, 26, 27)
OVJ	1 st Jan 2026	31 Dec 2030				3 (26, 27, 28)

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